



Patrick W. Henning, Director

January 31, 2008

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Arnold Schwarzenegger
Governor

Mr. Jeffrey Rowe, Director
Stanislaus County Alliance WorkNet
PO Box 3389
251 E. Hackett Road, C-2
Modesto, CA 95358-0031

Dear Mr. Rowe:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Stanislaus County Alliance WorkNet's (Alliance WorkNet) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by [REDACTED] and Mr. Jim Tremblay from October 15, 2007 through October 19, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by Alliance WorkNet with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with Alliance WorkNet representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of sampled case files, Alliance WorkNet's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on January 8, 2008 and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed findings 2 and 3 cited in the draft report, no further action is required at this time. However, these issues will remain open until we either receive

appropriate documentation as specified within your response or verify the implementation of your stated corrective action plan during a future onsite review. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 80020 and 80021.

Conversely, because you did not adequately address findings 1 and 4 cited in the draft report, we consider these findings unresolved. We request that Alliance WorkNet provide the Compliance Review Division (CRD) with additional information to resolve the issues that led to the findings. Therefore, these findings remain open and have been assigned CATS numbers 80019 and 80022.

BACKGROUND

The Alliance WorkNet was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. As of September 30, 2007, Alliance WorkNet has not expended any of its PY 2007-08 allocated funds. However, for PY 2006-07, Alliance WorkNet was allocated: \$3,336,537 to serve 510 adult participants; \$2,530,415 to serve 333 youth participants; and \$1,716,705 to serve 425 dislocated worker participants.

For the quarter ending September 30, 2007, Alliance WorkNet reported the following expenditures for its WIA programs for PY 2006-07: \$2,301,517 for adult participants; \$1,808,108 for youth participants; and \$1,408,864 for dislocated worker participants. In addition, Alliance WorkNet reported the following enrollments: 353 adult participants; 474 youth participants; and 214 dislocated worker participants. We reviewed case files for 25 of the 531 participants enrolled in the WIA program as of October 15, 2007.

PROGRAM REVIEW RESULTS

While we concluded that, overall, Alliance WorkNet is meeting applicable WIA requirements concerning grant program administration; we noted instances of noncompliance in the following areas: dislocated worker eligibility, participant follow-up, a missing case file, certificates of completion, and programmatic grievance and complaint postings. The findings that we identified in these areas, our recommendations, and Alliance WorkNet's proposed resolution of the findings are specified below.

FINDING 1

Requirement: WIA Section 101(9)(A)(iii) states, in part, the term dislocated worker means an individual has been terminated or laid off and is unlikely to return to a previous industry or occupation.

WIA Directive WIAD04-18, which transmits Title I Eligibility Technical Assistance Guide (TAG), provides guidelines for

documenting dislocated worker eligibility and includes the unlikely to return criterion. The TAG requires the use of acceptable documentation that an individual has been terminated or laid off and is unlikely to return to a previous industry or occupation.

Although local areas have the flexibility and discretion to design documentation and verification systems, One-Stop operators and applicants must make reasonable efforts to document eligibility for WIA-funded programs. The use of applicant statements may be prudently used to document those items that are not verifiable or are unreasonably difficult for the applicant to obtain. However, an applicant statement is not considered a primary documentation source.

Observation:

We observed that all of the twelve dislocated worker participant files reviewed were missing appropriate documentation to substantiate that the participants were terminated or laid off and were unlikely to return to a previous industry or occupation. Alliance WorkNet used applicant statement forms to substantiate each participant's eligibility. However, in all cases, the applicant statements did not identify the name of the former employer nor indicate the reason the participant was unlikely to return to a previous industry or occupation. Furthermore, we found no documentation that indicated the Alliance WorkNet made any efforts to obtain eligibility documents prior to using the applicant's statements.

Recommendation:

We recommended that Alliance WorkNet provide the Compliance Review Division (CRD) with appropriate documentation to substantiate the eligibility of the twelve participants. Additionally, we recommended that Alliance WorkNet provide CRD with a corrective action plan (CAP), including a timeline, that will ensure that appropriate documentation is collected and maintained in each dislocated worker case file for PY 2006-07 and PY 2007-08. Finally, we recommended that Alliance WorkNet modify its eligibility procedures to make a more reasonable effort to obtain more substantial eligibility documentation before accepting applicant statements.

**Alliance WorkNet
Response:**

The Alliance WorkNet stated that it will adopt the following measures in response to the finding:

- Provide missing Worker Adjustment and Retraining Notification (WARN) Notices, newspaper articles, employer notices for the 12 dislocated worker files, as well as for PY 2006-07 and 2007-08 participants by June 30, 2008.
- Creation of a master file to retain and file all documents for current (2007-08) and future client WARN notices, employer letters and newspaper articles announcing business closures or lay-offs by January 30, 2008.
- Creation of an eligibility criteria check-off list to determine, support, and/or justify participants' eligibility and/or enrollment by January 30, 2008.
- Update Alliance WorkNet's Program Eligibility Policy by February 29, 2008.

The Alliance WorkNet also stated that it attached documentation to substantiate the eligibility of all 12 client's files reviewed during the onsite monitoring review. However, no documentation was enclosed with the response. In a January 10, 2008 telephone discussion with John Egbikuadje, of your staff, CRD was informed that the documentation was not available at the time the response was submitted, but it will be submitted to CRD when it is collected for each of the 12 participants.

In addition, the Alliance WorkNet also stated that it has created reminders on an Alliance WorkNet calendar to assure that the deadlines established for this and other findings in this report are met. The deadlines are also coordinated with the Alliance WorkNet's program monitor to assure that the targeted goals are met.

State Conclusion:

Based on the Alliance WorkNet's response, we cannot resolve this at this time. We cannot close these issues until we receive the eligibility documentation of the 12 identified participants, verify the implementation of the Alliance WorkNet's CAP for the collection of eligibility documentation for other dislocated worker participants for PYs 2006-07 and 2007-08, and receive its revised eligibility policy and procedure. Until then, this issue remains open and is assigned CATS number 80019.

FINDING 2

Requirement:

WIA Section 134(d)(2)(K) states, in part, that the use of funds for employment and training activities shall be used to provide core services, which shall include follow-up services for participants in workforce investment activities who are placed in unsubsidized employment, for not less than 12 months after the first day of the employment, as appropriate.

20 CFR Section 663.150(a) states, in part, that at a minimum, all of the core services described in WIA Section 134(d)(2) and 20 CFR Section 662.240 must be provided in each local area through the One-Stop delivery system.

WIAD04-17 transmitted the Job Training Automation (JTA) Client Forms Handbook which states, in part, that the first, second, third, and fourth quarter follow-up are mandatory unless the entities contract specifies otherwise.

Observation:

We observed six case files where participants who had been placed in unsubsidized employment did not receive follow-up services and JTA Follow-up Information forms were not completed for every quarter after exit. For one participant, six quarters had passed; for two participants, four quarters had passed; and for three participants, two quarters had passed.

Recommendation:

We recommended that Alliance WorkNet provide CRD with a CAP, including a timeline, which will ensure current and future participants are provided appropriate follow-up services for each quarter for a minimum of 12 months following exit.

Alliance WorkNet Response:

The Alliance WorkNet stated that it will draft Follow-up Policy for Alliance WorkNet staff to conduct follow-up reviews. The policy will specify procedures to ensure timely provision of follow-up services and that the services will be documented in the JTA reporting system by February 29, 2008. The Alliance WorkNet will also review its current Exit Policy and modify it, if necessary, by March 31, 2008.

State Conclusion:

The Alliance WorkNet's stated corrective action should be sufficient to resolve this issue. However, we recommend that Alliance WorkNet provide CRD with a copy of its follow-up policy. We cannot close this issue until we verify, during a future onsite visit, Alliance WorkNet's successful implementation of its stated corrective action. Until then, this issue remains open and is assigned CATS number 80020.

FINDING 3

Requirement: WIA Section 185(a)(1-2) states, in part, that recipients of funds under this title shall keep records that are sufficient to permit the preparation of reports in such form and containing such information regarding the performance of programs and activities.

In addition, WIA Section 185(a)(3) states, in part, that in order to allow for the preparation of the reports, recipients shall maintain standardized records of all individual participants that will enable them to provide for an adequate analysis of the records.

20 CFR Section 666.140(b) states that for registered participants, a standardized record that includes appropriate performance information must be maintained in accordance with WIA Section 185(a)(3).

Observation: We selected 13 dislocated worker case files from Alliance WorkNet's participant roster. However, Alliance WorkNet stated that one of the 13 dislocated worker files could not be located.

Recommendation: We recommended that Alliance WorkNet find the missing case file, and provide CRD with documentation to support the services provided to the participant as well as the participant's program eligibility.

Alliance WorkNet Response: The Alliance WorkNet stated that they are diligently looking for the missing file. However, if they are unable to locate it, they will attempt to recreate the file by February 29, 2008. The Alliance WorkNet will provide CRD with all documents supporting the client's program eligibility and services received at that time.

State Conclusion: The Alliance WorkNet's stated corrective action should be sufficient to resolve this issue. Once the missing file is located or recreated, please provide a copy to CRD. Until then, this issue remains open and is assigned CATS number 80021.

FINDING 4

Requirement: WIA136 Section (b)(2)(A)(iv) states, in part, that core indicators of performance for employment and training activities include the attainment of a recognized credential relating to the achievement of educational or occupational skills.

WIAD04-17 transmitted the WIA JTA Client Forms Handbook, which states, in part, that States should work with local Workforce Investment Boards to encourage certificates to recognize successful completion of training services.

Observation: We observed two case files where training was completed and reported on the JTA System but no certificates of completion were in the participant case files.

Recommendation: We recommended that Alliance WorkNet provide training completion certificates for the two identified participants. Further, we also recommended that Alliance WorkNet provide CRD with a CAP, including a timeline, explaining how it will ensure, in the future, that data reported to the State is supported with adequate documentation regarding the programs and activities in which participants are enrolled.

Alliance WorkNet Response: The Alliance WorkNet stated that it will obtain copies of the missing certificates of completion from either the participants or training institutions and place them in the respective case files by January 31, 2008. The Alliance WorkNet will provide copies of the certificates to CRD when they are available. In addition, Alliance WorkNet will modify and update its Individual Training Account (ITA) policy to better reflect the requirements of WIAD04-17 with respect to the award of certificates to clients in recognition of their successful completion of WIA training services by March 31, 2008.

State Conclusion: The Alliance WorkNet's CAP to modify its ITA policy to improve its reporting to the State appears to address the second portion of our recommendation. However, this portion will remain open until we verify, during a future onsite visit, Alliance WorkNet's successful implementation of its stated corrective action.

While Alliance WorkNet stated that the certificates of completion would be placed in each participant's case file, we expect that a copy of the certificates will be provided to CRD at the time the certifications are obtained. Without the certificates of completion, we would assume that these individuals did not complete the training, as reported by Alliance WorkNet. Again, we recommend that Alliance WorkNet provide the training completion certificates for the two identified participants. Until then, this issue remains open and is assigned CATS number 80022.

FINDING 5

Requirement:

20 CFR Section 667.600(b) states, in part, that each local area must provide information about the content of the grievance and complaint procedures required by WIA to participants and other interested parties affected by the local Workforce Investment System, including One-Stop partners and service providers. In addition, it requires that every WIA entity must provide grievance and complaint procedures to participants receiving WIA services.

WIAD03-12 requires, in part, that initial and continuing notice of the local grievance and complaint procedures and instructions on how to file a complaint must be posted in a public location. The description of the complaint procedure shall include: (1) Notification that the participant has a right to file a grievance or complaint with one year of the alleged violation; (2) Instructions and timeline for filing the grievance and complaint; and (3) Notification that the participant has a right to receive technical assistance.

Observation:

The Alliance WorkNet did not post its grievance and complaint policies and procedures in public view at the Career Resource Center located on Hackett Street.

Subsequent to our onsite review, Alliance WorkNet stated in two emails, dated October 25, 2007, that they posted its grievance and complaint procedures in both the lobby area and in the Career Resource Center of the One-Stop located on Hackett Street. We received electronic copies of photographs that appear to substantiate these actions. We consider this issue resolved.

In addition to the findings above, we identified a condition that may become a compliance issue if not addressed. Specifically, we observed that Alliance WorkNet was not able to provide documentation that shows that each On-the-Job Training (OJT) contract was monitored. Alliance WorkNet completes an overall monitoring of the outcome of its OJT assignments, but they do not monitor individual employers with OJT contracts. We suggested that Alliance WorkNet develop OJT monitoring policy and procedures that ensure annual onsite monitoring visits are conducted for each OJT agreement to ensure compliance with the provisions of WIA, the regulations, and other contract provisions.

In its response, Alliance WorkNet did not address our concern. Nevertheless, we continue to suggest that Alliance WorkNet develop OJT monitoring policy and procedures that ensure annual onsite monitoring visits are conducted for each OJT agreement to ensure compliance with the provisions of WIA, the regulations, and other contract provisions.

Mr. Jeffrey Rowe

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January 31, 2008

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Division. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than March 3, 2008. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Division
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is Alliance WorkNet's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain Alliance WorkNet's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Shelly Green, MIC 45
Jose Luis Marquez, MIC 50
Don Migge, MIC 50
Roger Schmitt, MIC 50